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THE GREAT ECONOMIC HYPOCRISY

By F. A. Harper

PRESIDENT TRUMAN has asked Congress for approval of his budget of $85 billion. And he is, at this writing, reported to be preparing to demand an extension of wage and price controls under stronger powers.

To which many of us respond: "Not interested. That's politics. Besides, I don't understand figures — at least, not such large ones." This is like the disinterest of a captive squirrel, maintaining from the confines of the squirrel cage: "I don't understand these contraptions and so I'll have nothing to do with them."

Much of the $85 billion cost of government, as well as these controls, are like squirrel cages to the captive citizens. All forms of taxes are now taking about one-third of our incomes. And both rates of pay and prices are either set by political decree or are subject to regulation at a moment's notice, instead of being the reflections of willing choices and agreements between individuals in the market place.

The assertion that governmental controls and costs constitute an economic squirrel cage presumes these natural rights of man: the right of life, the right to sustain life by means consistent with moral conduct in a society, the right to have what one produces, the right to private ownership of property and the right to freely sell or trade or give away whatever one owns. These are the rights spoken of 175 years ago as the rights of "life, liberty and the pursuit of happiness" — which, incidentally, was originally written: "life, liberty and property".

This background of rights makes vivid our indulgence in a great *hypocrisy*. On the one hand, most of us adjudge murder to be a major crime — one that is so rare as to be regarded as startling news, rightfully causing an upsurge of resentment against the culprit. Yet one who violates these basic rights of man — one who administers the forcible taking of untold economic livelihoods year after year — is acclaimed a public servant and is lauded as a hero. For doing what? For taking from the citizens the product of their labors.

It is not amiss, I believe, to thus compare the taking of life with the taking of livelihood. Martin Luther aptly expressed the connection between theft and murder in this way: "Whosoever eats up, robs and steals the nourishment of another commits as great a murder as he who carves a man or utterly undoes him." What a person produces

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is the economic extension of the person. To take by force a portion of what one has produced and owns is the economic equivalent of cutting off his arm or his leg — whether the taking is by a single thief or by a crowd covered by law. And if the taking, in either instance, exceeds certain proportions, the victim will perish. The *hypocrisy* lies in pursuing, as we have been doing, the belief that the administration of one form of violence is a crime, whereas the other is a public service.

We all recall how, during World War II, a leading advertising executive became the administrator of price controls, and how, in World War II½, a former top business executive is attempting to force all his countrymen to abandon the free market. Such positions of power are doubtless accepted with good intentions, but intentions do not determine the consequences of one's acts. Realizing this, is it not one's individual obligation to refrain from participating in this *hypocrisy* — even though it would be acclaimed as an "honor" and "public service" — and to refrain from doing homage to those who are practicing it?

I REALIZE full well the contention that in times of emergency the free market is unable to take care of the situation. In answer, I would refer again to the rights of free men — the rights to life, liberty and property — and contend that if these are truly rights, they are likewise justice; that justice is strength, not weakness; that it is in an emergency, of all times, when the strength of justice is most needed.

One who believes that there is strength in violating the free market must believe that there is strength and justice in the control of other people's rights. And if he believes that, why then does he not advocate that these same measures of what he deems to be strength and justice be adopted for all time — not alone in emergencies? It must be that the proposal of violating the free market during emergencies really stems from the belief that the free market is somehow immoral — that whatever may be said for the free market economically, there is somehow a moral virtue in its violation during emergencies.

What has come to pass, then, is that a personal moral emergency now threatens every American. He finds himself confronted with an inescapable choice between being immoral and being illegal — between breaking a moral law and breaking conflicting statutory law. If he chooses the one, he can be at peace with his conscience and his God, but will be at war with his political rulers. If, on the other hand, he throws his choice the other way, he can be at peace with his rulers, but then he will be at war with his conscience. The choice is not an easy one. But having to make it is the price to be paid for our past sins in relinquishing the rights of free men.

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Perhaps this is what Emerson had in mind when he said, in his famous essay on *Politics:* "Every actual State is corrupt. Good men must not obey the laws too well."

Perhaps it is what Patrick Henry had in mind when he said: "Is Life so dear or peace so sweet as to be purchased at the price of chains and slavery? Forbid it, Almighty God! I know not what course others may take; but as for me, give me liberty or give me death!"

Perhaps it is what our forefathers nearly two centuries ago had in mind when they dumped tea into the ocean and otherwise openly defied an immoral rulership. We are today faced with an equally serious plight. I hope, however, that in its solution we shall not become involved, as they were, in a bloody conflict.

IF WE ARE ENGAGED in some national error, it is because of our individual errors. A nation does not err; it is individual persons who err. The collective error is no more and no less than the sum of individual errors. My part of that problem, then, is my own conduct.

In order to clear from my view the confusing details of the problems that confront us, I must first understand that freedom is not a thing to be created. It is something inherent in man, because man is created in harmony with basic human rights.

My part of the task of regaining the free market, then, is simply to do everything within my power to remove the unfreedoms; to remove all barriers to free exchange. Whatever rate of exchange has been mutually agreed upon by the two parties to a deal is, by this measure of human rights, the only price that is fair.

If reference to some moral guide from a source of recognized standing is desired on this point, it can be found in Matthew 20:15, which proclaims: "Is it not lawful to do what I will with my own?" This means that no third person has the right to intercede in an exchange, or to prohibit it, or to dictate its terms.

MANY A PERSON believes that controls, coupled with the democratic process, assure the equivalent of the free market. This is a serious error. It is important to understand the real conflict between the free market and the method of taxation and control, if one is to be able to help recover those freedoms.

One way to visualize the contrast is to contemplate two offerings, or two distinctly different approaches to the satisfaction of human wants.

1. Mail order catalogs, which typify offerings in the free market.
2. The budgets of the various units of government, which typify offerings outside the free market.

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The catalog of the free market offers all sorts of things — from pins to insurance. When you consider buying an item, you look up its price and either buy it or not, at your own discretion, peacefully.

What do the government catalogs mean? They likewise list goods and services, but of a different sort. In most instances, these goods and services are supplied under a governmental self-grant of absolute monopoly. And in every instance, the citizens — users and non-users alike — are billed for the costs of all the items, according to what somebody else judges to be their "ability to pay".

Suppose you do not approve of some one item in the government's catalog? It may be the government's operation of the rum plants of the Virgin Islands, or perhaps, the curing of alcoholism among residents of the District of Columbia. How do you free yourself from its cost? You know that so long as it remains in the catalog, you and every other taxpayer will be forced to be its "buyers". So, to free yourself, it becomes necessary somehow to have it removed from the catalog, so that even those who want it cannot obtain it there. A contest for dominant power ensues. If you, as a part of the minority, win enough persons to your side to swing the issue, it merely means that the minority dissatisfaction is transferred to the other side. And they then find it necessary to gird for battle, because battle there will forever be under this process of trying to satisfy everyone's desires.

Its contrast to the process of the free market should be clear. Your decision to buy or not to buy an item in the free market causes no bitter conflict because most others are totally unconcerned with your choice. In the governmental market place, everyone is personally concerned with every item, because he must help pay for it as long as it is offered.

Assume, then, that you set about the task of reviewing these affairs of yours. Suppose you decide to devote one working hour to reviewing each $1,000,000 item in the Federal budget, as a starter. Even at this rate of cursory attention, you would finish study of this year's Federal government appropriations in about the year 2000 A.D. — nearly half a century after the spending was completed. Then you would be ready to start studying each of the local governmental budgets which affect you.

A hopeless task? Yes — so long as persons try to satisfy their wants that way, from the inside of an economic squirrel cage. The only hopeful alternative is to return to a free market.

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HUMAN EVENTS

FRANK C. HANIGHEN, *Editor* FRANK CHODOROV, *Associate Editor*

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MINNEL RECEIVED MAR 28 '52

Japanese Peace Treaty: Up until the last 48 hours, the Japanese Peace Treaty moved — or seemed to be moving — inexorably towards unamended passage by the U.S. Senate, thereafter to remain the law of this land. But suddenly, night before last, it stopped. For there was exploded a bombshell which seemed likely, at the eleventh hour, to remove the danger to American sovereignty which "one world" elements in the State Department had cleverly inserted.

The bombshell was the submission of reservations or amendments to preserve the sovereignty of the U.S.. State Department intelligence officers had foreseen this obstacle to passage of the treaty and had been working energetically to prevent it. They had been, of course, attributing it solely to Senator Jenner (Indiana, Rep.). The Indianan had warned that the Treaty would, unless properly amended, give the Executive the power to subordinate American sovereignty to the will of the United Nations. (On December 26 last, this column showed up this verbal "sneak attack on the Constitution" in detail). But, dismissing Jenner as just a midwestern "isolationist" was not to prove very effective this time.

For, day before yesterday, members gasped when Jenner introduced his reservations as a joint proposal with a colleague, and revealed who was his partner in this proposal to amend the Treaty. It was no less than Senator Margaret Chase Smith of Maine — long hailed by Administration columnists as one of the leaders of the "internationalist wing" of the Republican Party. Sen. Smith, it may be recalled, had served as a delegate to UNESCO, attended international conferences and was bracketed with Flanders, Aiken, Duff and Lodge as "progressive" and "internationally minded".

This combination, indeed, surprised the Senate and may affect votes. But, whatever the outcome of the voting, the effort of Senators Margaret Chase Smith and William E. Jenner will stand out as one of the most gallant in recent years.

Not the least memorable words in the debate were those in a telegram sent by Frank E. Holman, former President of the American Bar Association, who has been fighting the danger to American law from treaty provisions and UN decisions. Mr. Holman in his wire urged great caution in ratifying the Japanese Treaty saying: "It constitutes a backdoor attempt to secure Senate approval of many of the dangerous features of the [UN] declaration of human rights, the genocide convention and the draft covenant of human rights."

Pentagon Fever: So far as the Pentagon is concerned, up to last week there were no plans for replacement of General Eisenhower previous to the 1st of July. So we hear. The Pentagon is anxious to have an approximate date, so that it can prepare details for a shift.

● One man who is no hero in this building of heroes is General Grow. When the Russians photostated his diary and published some passages from it in the Communist press of Eastern Germany, Pentagon ears were red. Those published entries showed Grow expressing a desire for an immediate preventive war. But what worries the Pentagon are not the passages published, but some other passages which the Commies did not publish. Grow knew too much and told his diary too much about certain high military matters. And the Russians, it is assumed, photostated the whole dairy.

● Never — writes our Pentagon correspondent — have the services been so "disunified". The Navy hates and is jealous of the Air Force because the latter has the lion's share of funds. Air, on

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the other hand, is very disgruntled because of the aircraft procurement cutback. The Army is angry with the two other services and suspects them of surreptitiously backing the Hoover "air-sea" thesis.

● Mr. Truman dislikes General Collins, Chief of the Army, and has rather rudely turned him down on several matters dear to Collins' heart. Collins says he does not know why he's in bad with the President. But, there is little dissent to the opinion that Joe Collins' days are numbered.

● General Vandenberg, Chief of the Air Force, kept his place for another year, by a hair's breadth. He's been feuding with his civilian superior, Secretary of Air Finletter, who wanted to replace him now. Finletter thought that Vandenberg was talking too much in public. The White House, however, decided that Van should be kept "until after the election" (a phrase which may solve many things in coming months). But meanwhile Finletter has, in effect, told Vandenberg to "shut up".

Farm Front: The Democratic High Command has taken a move which tips its hand, on the vital question of "how to win without the South". Ever since Sen. Russell declared his bid for Democratic nomination for President, there has been intense discussion in Government circles about how to counter this menace. Hence, when the Democratic GHQ launched a strong campaign during the past week to line up the farm vote, those who are familiar with Administration power politics perceived the answer to the $64 question.

The left-wing intellectuals, the ADA, were a little too glib, on the morrow of Russell's announcement. They breathed assurance that victory would be certain since Southern Democratic opposition to the White House would consolidate all minority groups in the North behind the President (assuming he will run). But they neglected to add that another powerful group was needed to put over a winning campaign in such circumstances. However, the machine politicos didn't forget.

They had by no means forgotten that the farmers were largely responsible for Dewey's defeat in 1948. Secretary of Interior Chapman and Secretary of Agriculture Brannan, with Truman as the "whistle-stop Charlie McCarthy", staged an aggressive campaign during those months of '48 when the GOP was snubbing the farm vote. It was that rural vote in Illinois, Ohio, Wisconsin and Iowa which turned those states into the Democratic column.

This year, the Democratic GHQ feels confident of carrying New York (lost in 1948 because of the Wallace vote) and other big industrial states. But, the supreme effort must be made to win Northern agricultural areas. If they are successful, they can afford to lose most of the South. (The Democrats feel sure that, even if there is a real revolt in the South, they can keep Arkansas, Tennessee and North Carolina.) In short, the objective is — split the South and win rural areas in the Middle West.

The drive for this objective which started in the past few days was marked by President Truman's letter to the National Farmers Union annual convention in Dallas. The Union is the left-wing farm organization. The President backed Rural Electrification and help for soil conservation practices, two popular handout measures. The largest farmers' organization, the Farm Bureau Federation, under President Allan Kline, has been urging reduction in appropriations for these activities. Brannan who hates Kline (the feeling is reciprocated) now cries that Kline has made a deal with Taft: to throw the Farm Bureau vote to the Ohioan and Taft will make Kline Secretary of Agriculture. Kline has denied this. But Taft in his present campaign in Wisconsin will run head on into the big conflict. If Ike's big success this week in Minnesota is any symptom of prairie sentiment, Taft faces a problem with Midwest rural voters.

Douglas: It is currently rumored here that Senator Paul Douglas, Democrat of Illinois, has been offered the Presidency of Bowdoin College, his alma mater, and is seriously considering resignation from the Senate so as to take the position.

However, few in the Senate would make any bets as to whether their colleague will or not accept — so unpredictable are the Senator's moods that some dub him "the Hamlet of the Hill". Certainly,

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Douglas is in the doghouse as far as the leaders of his Party are concerned; and New Deal columnists have deserted him as a Presidential possibility in favor of Kefauver. On the other hand, the Senator can be stubborn and may stick it out in the upper chamber.

Certainly, he is stubbornly continuing to uphold the independence of the Federal Reserve Board — a very commendable course for a Fair Dealer. Yet, even those sympathetic to this stand remark that he is actually "beating a dead horse" — meaning that there is at present no serious threat to the Board. Secretary of the Treasury Snyder and William McChesney Martin, President of the Board, seem to have achieved a *modus vivendi*. And the ferocious roars of "greenbacker" Congressman Patman go unheeded. The committee listening to Patman and Douglas seems to have receded into the far background of the Washington show. Maybe Douglas will really go back to the academic grove in Maine and cool off.

Thought Control: Congressman Reed (N.Y., Rep.) last week gave figures on the number of publicity people employed in all the agencies of the Government. "According to the last survey made", he said, "there were 23,000 permanent and 22,000 part-time."

He mentioned these figures as Congressman Meader (Mich., Rep.) offered an amendment to an appropriation bill which said: "No part of any appropriation contained in this act shall be used for publicity or propaganda purposes not heretofore authorized by the Congress." Mr. Meader remarked that the influencing of public opinion should not be the function of the Executive branch of the Government.

However, he did not seem too optimistic about the results of his amendment. He recalled that Congressman Lawrence Smith of Wisconsin had offered it in almost every appropriation bill last session. "I urged him to offer it again today, but I think he is beginning to believe it is rather futile to include this language in any appropriation bills, because the Executive agencies proceed to ignore them."

Congressmen John Taber (N.Y., Rep.) broke in to say that the Department of Defense is paying thirty million dollars for propaganda articles.

Mr. Meader said that he had found that the NPA (National Production Authority of the Department of Commerce) last September had 94 employees engaged in publicity and propaganda work. "They are still at it", he said, telling of propaganda material from NPA which comes to him weekly. "Something ought to be done about it, in general, but maybe my amendment is futile because the agencies will go ahead as they always have and pay no attention to Congress."

Mr. Busbey (Ill., Rep.) had a happy thought. He asked: "Does the gentleman from Michigan think it might be a good idea to cut off funds of departments and agencies unless they do obey the laws of Congress?"

But at this moment, Chairman Cannon of the Ways and Means Committee hastily intervened and announced: "We accept the amendment offered by the gentleman from Michigan."

Publicity Blitz: The White House put over a fast one, with the passage of the bill reorganizing the Internal Revenue Bureau. The wind-machines of the Administration effectively disseminated the idea that the measure would prevent further corruption by placing all the Collectors of Internal Revenue under civil service (magic phrase, which is not well understood outside of Washington). In vain did Senator Watkins remind Congress that 95 per cent of the Bureau employees who were recently dismissed or forced to resign were under civil service.

Apart from that aspect, there were other points raised in the Senate discussion. Senator George, with all the weight of his knowledge of such matters, warns that the President's bill did not conform to the recommendations of former President Hoover's commission on reorganization; that the bill would simply make more involved and inefficient the existing organization. Senator Millikin (Colo., Rep.) pointed out that there are two kinds of civil service examinations for applicants and the one

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called "unassembled" allows large "leeway in drafting standards and qualifications that will fit a particular applicant". The top jobs are usually filled by the "unassembled" method. Indeed, to old residents of the Capital, it seems surprising that anyone should expect new collectors to be chosen among any but deserving Democrats, so long as the Democrats are in power.

In short, about all there emerges from this bill is that there will be more top Revenue jobs and therefore more expenditures. Not a few Senators stood out against it and blamed the press for a "studied campaign to exert pressure upon us".

Books: In 1948, at least one citizen, to our knowledge, voted for Mr. Truman because "he was good to his mother". Mr. Truman is probably aware of this cogent reason for voting for him and as a sagacious politician has taken steps to exploit it. He got himself a writer by the name of William Hillman to catalog, describe and illustrate his major qualifications for the Presidency. The internal evidence suggests that Mr. Hillman put in not more than a few weeks on the job; which is about all a craftsman should require to collate Mr. Truman's qualifications, as recorded in these published letters and diary entries. The fruit of this labor is *Mr. President*, published this week by Farrar, Straus and Young, Inc. ($5.00).

More time was probably required by the photo-engravers. The book is a sort of a classy family album designed to prove that Mr. Truman is a nice family man, not very different in mental capacity and habits from most of those he asks to vote for him. You get a picture of Harry when he was six years old, and again when he was thirteen, showing that even our august President had to pass those important milestones in his career; and, of course, there is a picture to assure the reader of the fact that even our Chief Executive had a great grandmother, to say nothing of a mother and an aunt. (Where is his father?) Many other pictures are included in the family album, to say nothing of Harry in his nice new soldier's uniform of 1917.

Altogether, Mr. Hillman has given us an almanac-style piece of election propaganda which ought to appeal to the softer side of the American electorate.

As Others Want Us: A friend, just back from a Carribbean vacation, reports that in the British West Indies the sentiment is all for Eisenhower and against Taft. The latter is abused as an "isolationist" and the islanders hope America will not elect him.

Apparently, this is also the attitude in Canada, judging by a recent piece in the Montreal *Financial Times*, by E. C. Ertl. That writer says that "Eisenhower has become the choice of radio and press pundits in Canada" and that since he has thrown "a photo of his cap in the ring, Canadians are climbing on his bandwagon as if his advent somehow could solve all the world's puzzles; this in spite of the fact that Canadians know even less about him than Americans do . . . we will climb on any bandwagon, as long as the man running for the Presidency does not claim that, in his heart and mind, 'America Comes First'. Taft does: that is why he is so unwelcome."

Mr. Ertl differs caustically from his fellow Canadians about Eisenhower and Taft. "We applaud the bulldog-like refusal of the British government to throw its military and economic resources into the common survival pool of western Europe, to which geographic complex it undoubtedly belongs. Yet, it is unspeakably awful when Bob Taft suggests that the United States ought to start looking to its own house before going gallivanting around the globe looking for the grail that has long since broken. . . ."

Mr. Ertl, apparently a minority of one in his country, sums up: "The best President that Canada could have at Washington would be a President who will be truly good medicine for his own country. And that, we venture to say, would be Bob Taft."

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